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E.O. 12958: N/A

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SUBJECT: U.S. DESIGNATION OF NAMCHONGANG TRADING CORPORATION AND HONG KONG ELECTRONICS

REF: CHALMERS-HARRIS EMAIL, JUNE 29, 2009.

11. (U) This is an action request. Please see paragraph 3.

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REPEAT GREEN LIVE MSG  
SUMMARY AND BACKGROUND

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12. (SBU) The United States will designate two North Korean entities under E.O. 13382 (Blocking the Property of Weapons of Mass Destruction Proliferators and their Supporters) on June 30, 2009 at 12:00 P.M. The designations are consistent with the aims of UNSCRs 1718 and 1874 and add to continuing U.S. efforts to prevent North Korean entities of proliferation concern from accessing financial and commercial markets that could aid the regimes efforts to develop nuclear weapons and the missiles capable of delivering them. USUN should provide P5+2 counterparts with advance notice of these actions no earlier than 9:00 AM on June 30 and no later than 12:00 PM. Both entities (Namchongang Trading Corporation and Hong Kong Electronics) were included in the package of designations submitted by the United States on June 19 to the UNSCR 1718 Sanctions Committee for designation pursuant to UNSCR 1874.

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ACTION REQUEST/OBJECTIVES

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13. (SBU) USUN is requested to pursue the objectives listed below. A Department Media Note and a Department of the Treasury Media Note on the designations will be released simultaneously with the designation at 12:00PM, June 30, 2009. USUN may draw on the final version of the media notes (reftel) and the press guidance and additional background in paragraph 4.

-- Inform P5+2 officials of the U.S. designations under E.O. 13382 and draw from the following background, including identifier information:

11. NCG is a North Korean nuclear-related company in Pyongyang that has been involved in the purchase of aluminum tubes and other equipment specifically suitable for a uranium enrichment program since the late 1990s. Identifier information is as follows: Namchongang Trading Corporation, (a.k.a. NCG, a.k.a. Namchongang Trading, a.k.a. Nam Chon Gang Corporation, a.k.a. Nomchongang Trading Co.), Pyongyang, North Korea.

12. Hong Kong Electronics, located in Kish Island, Iran, has provided support to North Korea's Tanchon Commercial Bank and Korea Mining Development Trading Corporation,

which were both designated by the UNSCR 1718 Sanctions Committee. Identifier information is as follows: HONG KONG ELECTRONICS (a.k.a. Hong Kong Electronics Kish Co), Sanaee St., Kish Island, Iran [NPWMD]

-- Note that the designations are consistent with the aims of UNSCRs 1718 and 1874 and add to continuing U.S. efforts to prevent North Korean entities of proliferation concern from accessing financial and commercial markets that could aid North Korea's efforts to develop nuclear weapons and the missiles capable of delivering them.

-- Remind P5+2 officials that entities designated under E.O. 13382 are prohibited from engaging in all transactions with any U.S. person and are subject to a U.S. asset freeze.

-- Urge P5+2 officials to investigate whether these entities have a presence in their jurisdiction and, if so, request that they take steps to prevent asset flight and ensure that persons or entities within their territory do not engage in transactions with these entities.

-- If asked whether these designations mean that the two top U.S. priorities under UNSCR 1874 for designations in the 1718 Committee are Namchongang Trading Corporation and Hong Kong Electronics, note that a) the U.S. believes it is important that the 1718 Committee designate these two entities given their role in North Korea's WMD programs, b) stress that our domestic designations are conducted on a parallel track, and that c) we expect to designate additional entities as well. We want to continue our discussions in the 1718 Committee to reach agreement on the designation of additional individuals, entities and goods before the July 12 deadline.

14. (U) ISN Press Guidance. June 30, 2009.

Designation of Two Additional North Korean Entities  
Pursuant to Executive Order 13382

Q: What is the significance of these designations and why now?

A: These designations target two key elements of North Korea's nuclear and missile network and will help to disrupt North Korea's ability to procure, develop, and proliferate WMD capabilities.

A: The United States is sending a clear message, in conjunction with our efforts at the United Nations, that North Korea's nuclear and missile tests and proliferation activities are unacceptable and that there are consequences for these actions.

Q: Will these designations have any impact?

A: These measures will highlight the proliferation-related activities in which these firms are engaged and reduce their ability to engage in business activities worldwide. Namchongang Trading Corporation and Hong Kong Electronics will be placed on the U.S. Department of Treasury's Specially Designated Nationals and Blocked Persons List maintained by the Treasury Department's Office of Foreign Assets Control (OFAC), which is used by financial institutions worldwide to screen transactions. The ultimate result will be limiting their access to the international financial system.

Q: Will these designations impact ordinary North Korean people?

A: No, these measures are targeted at entities involved in WMD proliferation.

Q: Will the U.S. propose that these entities also be designated under UNSCR 1874?

A: UNSCR 1874 tasked the Security Councils DPRK Sanctions Committee (the 1718 Committee) with designating new individuals, entities, and goods within thirty days of the resolutions adoption (i.e., by July 12). Committee deliberations are ongoing. We hope the 1718 Committee will approve a robust package of designations before the deadline set by the Security Council.

IF PRESSED: Committee deliberations are strictly confidential (and ongoing). We will not discuss what names have been proposed by the United States or other committee members.

1Q. Will the U.S. designate the additional entities?

A: The U.S. has an ongoing process in place to continue to identify entities and individuals of proliferation concern for designation under E.O. 13382.

IF ASKED:

Q: Do we think North Korea is transferring WMD to Burma?

A: We do not comment on intelligence matters or military operations.

If pressed: the United States will enforce UNSCR 1874. We expect that other UN member states will do the same.

Additional Background: On Tuesday, June 30, the Department of State will designate North Korea's Namchongang Trading Corporation under Executive Order 13382 for its support to North Korea's nuclear program. At the same time, the Department of Treasury will be designating Hong Kong Electronics (located in Kish Island, Iran) under E.O. 13382 for its support to the Korea Mining Development Trading Corporation (KOMID) and Tanchon Commercial Bank, two previously designated North Korean entities.

E.O. 13382 was signed by the president on June 29, 2005. It is an authority aimed at freezing the assets of proliferators of weapons of mass destruction and their supporters. Designations under E.O. 13382 prohibit all transactions between the designees and any U.S. person and freeze any assets of the designees that are in the United States or in the possession or control of U.S. persons.

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REPORTING DEADLINE  
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15. (U) Please report any response within seven days of receipt of this cable. Please slug replies for ISN, T, TREASURY, and EAP/K. Please use SIPDIS caption on all responses.

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POINT OF CONTACT  
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16. (U) Questions may be directed to ISN/CPI Jennifer Chalmers, 202-647-9715.

17. (U) Department thanks USUN for its assistance.  
CLINTON